



Michigan Liquor Control Commission

Guide for Retail Liquor Licensees

Michigan Liquor Laws & Rules



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Dear Licensee,

Whether liquor licensees serve mixed drinks to people attending a convention in Detroit, serve a bottle of wine to dinner guests at a restaurant in Marquette, or sell a six-pack of beer to a group on their way to a cottage in Grand Haven, they are playing an important role in Michigan's dynamic hospitality industry. However, this role as a businessperson and host demands accountability for the selling and serving of alcoholic beverages – social and legal accountability which may not be demanded of other types of retailers for the goods they sell. In fact, state law requires that 55 percent of all retail liquor license fees collected in Michigan be returned to local law enforcement agencies specifically for use in enforcing the liquor law and rules.

The goal in developing this guide is to provide an easy-to-use reference for Michigan liquor licensees and their employees. Therefore, the focus of the guide is on available resources, online services and the laws and rules which traditionally have resulted in the most licensee violations.

We have tried to write this material in a style that will be readily understood by licensees. **However, it is important to realize that this booklet is an information tool and not a legal document – nothing in this guide changes, replaces, or supersedes the Michigan Liquor Control Code, the Michigan Liquor Control Commission (MLCC) Administrative Rules and/or other Michigan statutes.** Anyone desiring precise legal language may purchase a copy of "The Michigan Liquor Control Code, Rules, and Related Laws Governing the Sale and Manufacture of Alcoholic Beverages" which is available for \$5.00 from the MLCC. The Code can also be printed from our web site at <http://www.michigan.gov/lcc>

General information is presented at the front of the guide, followed by a synopsis of liquor laws and rules arranged by subject. Due to the seriousness of certain violations, the first topics covered are those dealing with serving minors and intoxicated persons followed by brief information on the Dram Shop liability statutes. The remaining items deal with prohibited conduct, miscellaneous illegal activities, and the laws and rules that govern the operation of a licensed business. Questions and answers are included at the end of each section to provide examples of how the laws and rules may be applied in real situations.

If you have questions about any of the laws or rules (including those which may not be covered in this guide), contact one of the MLCC Enforcement offices listed on the back cover of this guide. Your comments and suggestions for future editions of the guide are always welcomed.

Sincerely,

A handwritten signature in black ink, reading "Nida R. Samona". The signature is fluid and cursive, with the first name "Nida" being the most prominent part.

Nida R. Samona, Chairperson

INTRODUCTION

The Liquor Control Code & Administrative Rules

The citations for references inserted in this guide are:

MCL – Refers to the citation number in the Michigan Compiled Laws.

Rule – Refers to the citation number in the Michigan Administrative Code (MAC).

The reference sources provide specific details on the topics being covered.

Availability of References

Because this guide does not cover every aspect of the laws and rules, and because it does not contain exact legal language, you may want to purchase a copy of ***The Michigan Liquor Control Code, Rules, and Related Laws Governing the Sale and Manufacture of Alcoholic Beverages*** as described on page 3.

The Liquor Code and Administrative Rules are also available for viewing and printing from our web site at: <http://www.michigan.gov/lcc>

Definitions

Liquor and Alcoholic Beverage

The Liquor Control Code of 1998 [MCL 436.1105 (3)] defines “alcoholic liquor” as any beverage “containing one-half of one percent or more of alcohol by volume.” This includes beer, wine, distilled spirits and mixed spirit drink. However, in this guide, “**liquor**” is used to mean “distilled spirits” and mixed spirit drink which is commonly understood to mean an alcoholic beverage with 21 percent or more alcohol by volume. “**Alcoholic beverages**” in this booklet means any beverage intended for human consumption that contains more than one-half of one percent alcohol by volume.

Minor

For most legal purposes, a minor is defined as someone who is less than 18 years old. However, for purposes of buying, consuming, or possessing alcoholic beverages for personal use, a person who is less than 21 years of age is considered a minor. **The term “minor” used in this guide indicates a person who is less than 21 years old.**

Sale

A sale as defined by the Liquor Commission is more than what is normally considered an exchange of money and goods:

- a. “Sale,” as defined in the Liquor Control Code, also includes the “exchange, barter or traffic, furnishing or giving away of alcoholic beverages.”
- b. The sale is considered complete when the exchange of possession of the alcoholic beverages takes place. Pay particular attention to this concept when considering questions of legal hours, furnishing alcohol to minors, and furnishing alcohol to intoxicated persons.

INTRODUCTION

Enforcement of Liquor Laws and Rules

Authority (MCL 436.1201(4))

In addition to MLCC investigators, the following officials have the authority and duty to enforce Michigan liquor laws:

Michigan State Police
City and township police officers
County sheriffs and deputies
Village marshals, constables, or police officers
State university or community college police officers

Inspections and Investigations (MCL 436.1217)

Investigators for the MLCC and state or local law enforcement officials may inspect any licensed business that sells alcoholic beverages to determine compliance with Michigan liquor laws and rules. Inspections may be made during normal business hours, or at any time when the premises is occupied.

Obstructing Liquor Investigators or Local Police (Rule 436.1011(4))

Licensees and employees shall not fail to cooperate or obstruct a police officer or an MLCC investigator who is investigating or inspecting the licensed premises for Liquor Code and Rule requirements.

Citations for Violations of Liquor Laws and Regulations

Anyone who has the authority to enforce Michigan's liquor laws and rules may report alleged violations to the MLCC. **Violation Reports** are sent to the Office of the Assistant Attorney General (AAG) assigned to the Commission. If the AAG determines that there is evidence that a violation took place, a formal **Violation Complaint** will be filed against the licensee.

The AAG will normally file a separate charge in the Violation Complaint for each section of the Liquor Control Code or Administrative Rules that was reportedly violated. For example, if an enforcement officer observes a bartender selling alcoholic beverages to someone under age 21, and the customer is also observed consuming the alcoholic beverage, the AAG will cite (1) a violation for the selling of the alcoholic beverage to the person under 21, [MCL 436.1801(2)] and (2) for allowing the underage person to consume alcoholic beverages on the licensed premises [MCL 436.1707(5)].

INTRODUCTION

Types of Retail Licenses

On-Premises Retail Licenses

These licenses are issued to allow alcoholic beverages to be sold, served and consumed on the premises of the licensed business:

Class C	This license allows the business to sell beer, wine, mixed spirit drinks and spirits for consumption on the premises. <u>MCL 436.1107(2)</u>
Tavern	This license allows a business to sell only beer and wine for consumption on the premises. <u>MCL 436.1113(1)</u>
B Hotel	This license allows a hotel to sell beer, wine, spirits and mixed spirit drinks for consumption on the premises and in the rooms of bona fide guests. <u>MCL 436.1107(11)</u> ¹
A Hotel	This license allows a hotel to sell only beer and wine for consumption on the premises and in the rooms of bona fide guests. <u>MCL 436.1107(10)</u> ²
Club	This license enables a nonprofit organization to sell beer, wine, spirits and mixed spirit drinks for consumption on the premises to bona fide members only. <u>MCL 436.1107(5)</u>
Class G-1	This license allows a facility that has an 18-hole golf course of at least 5,000 yards to sell beer, wine, mixed spirit drink, and spirits for consumption on the premises to members only. <u>MCL 436.1107(3)</u>
Class G-2	This license allows a facility that has an 18-hole golf course of at least 5,000 yards to sell beer and wine for consumption on the premises to members only. <u>MCL 436.1107(4)</u>
Special License	This license (often called a “24-hour permit”) allows a non-profit organization to sell beer, wine, and/or liquor for consumption on the premises for a limited period of time. <u>MCL 436.1111(11)</u> and <u>MCL 436.1537(1)(h)</u> . A Special License may also be issued to a nonprofit organization to conduct an auction of wine donated to the organization <u>MCL 436.1527</u> .
Brewpub	This manufacturing license is issued in conjunction with a Class C, Tavern, A-Hotel, or B-Hotel license and authorizes the licensee to manufacture and sell beer produced on the premises or for take-out. <u>MCL 436.1105(12)</u> ³
Brewer	This manufacturing license allows a business to manufacture and sell beer produced on the premises to licensed wholesalers <u>MCL 436.1105(11)</u> .

¹ A Class A Hotel or a Class B Hotel must have at least 25 bedrooms if located in a local governmental unit with a population of less than 175,000 and at least 50 bedrooms if located in a local governmental unit with a population of 175,000 or more.

² Ibid.

³ A Brewpub may not manufacture more than 5,000 barrels of beer per calendar year in Michigan.

Micro Brewer	This manufacturing license allows a business to sell beer produced on the premises to consumers for consumption on the premises or for take-out. <u>MCL 436.1109(2)</u> . ⁴
Wine Maker	This manufacturing license allows a business to manufacture wine and to sell that wine to a wholesaler, to a consumer by direct shipment, at retail to a consumer on the licensed winery premises, and to a retailer <u>MCL 436.1113(9)</u> . ⁵
Small Wine Maker	This manufacturing license allows a Wine Maker to manufacture or bottle not more than 50,000 gallons of wine in a calendar year <u>MCL 436.1111(10)</u> . ⁶
Manufacturer of Spirits	This manufacturing license allows a Distiller to manufacture and sell spirits or alcohol, or both, of any kind <u>MCL 436.1107(8)</u>
Small Distiller	This manufacturing license allows a Manufacturer of Spirits to manufacture not more than 60,000 gallons of spirits of all brands combined <u>MCL 436.1111(9)</u> .
Resort	A Resort and Resort Economic Development on-premises license under Section 531(3) and Section 531(4) of the Michigan Liquor Control Code, being MCL 436.1531 (3) and (4), can be issued as a Class C, Tavern, B-Hotel, and A-Hotel license to a business that is designed to attract and accommodate tourists and visitors to the area. This type of resort and resort economic development license is only available after all the licenses available under the quota have been issued and there are no escrowed on-premises licenses readily available for sale in the county where the proposed licensed business is located. This type of resort license can transfer ownership but cannot transfer location. There are 5 resort licenses and 15 resort economic development licenses that the MLCC may approve for issuance each calendar year. A resort on-premises license issued under Section 531(2) of the Michigan Liquor Control Code, being MCL 436.1531(2), commonly referred to as a “550”, can be issued as a Class C, Tavern, B-hotel, A-Hotel, G-1, and G-2 license. Generally, there have been 550 of this type of resort license issued and this type of resort license can transfer ownership and /or location on a statewide basis. <u>MCL 436.1531(2)(3)(4)</u>
Redevelopment License	A Redevelopment and Development District or Area license can be issued in a city redevelopment project area <u>or</u> a development district or area established by the local unit of government as a redevelopment project area under the following specific acts created by the legislature: (i) An authority district established under the tax increment finance authority act, 1980, PA 450, MCL 125.1801 to 125.1830; (ii) A development area established under the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2898; (iii) A downtown district established under 1975 PA 197, MCL 125.1651 to 125.1681; (iv) a principal shopping district established under 1961 PA 120, MCL 125.981 to 125.990m. The number of licenses that can be established by the local

⁴ A Micro Brewer may not produce more than 30,000 barrels per year of brands and labels brewed in this state or outside of this state.

⁵ A Wine Maker may sell wine made by that Wine Maker in a restaurant owned by the Wine Maker or operated under an agreement approved by the MLCC and located on the premises where the Wine Maker is licensed. A Wine Maker may also provide samplings and tastings of the wines manufactured on its licensed premises to consumers at its licensed locations.

⁶ Ibid

governmental unit under this quota is determined by the amount of investment in real and personal property. This type of license can be issued as a Class C, Tavern, B-Hotel, and A-Hotel license. This type of license can transfer ownership but not location and must be surrendered to the MLCC and is available for the local governmental unit to issue to another applicant. MCL 436.1521a

Summary of On-Premises License Information

On-Premises License Type:	Sell Beer?	Sell Wine?	Sell Liquor?	Licensed to sell to:	Population Quota Applies?
Class C	Yes	Yes	Yes	General Public	Yes
Resort Class C	Yes	Yes	Yes	General Public	No
Club	Yes	Yes	Yes	Club Members only	No
B-Hotel	Yes	Yes	Yes	General Public and in guest rooms	Yes
Resort B-Hotel	Yes	Yes	Yes	General Public and in guest rooms	No
A-Hotel	Yes	Yes	No	General Public and in guest rooms	Yes
Resort A-Hotel	Yes	Yes	No	General Public and in guest rooms	No
Tavern	Yes	Yes	No	General Public	Yes
Resort Tavern	Yes	Yes	No	General Public	No
Special License	Yes	Yes	Yes	General Public	No
Class G-1	Yes	Yes	Yes	Members Only at private 18-hole golf course of at least 5,000 yards	Yes
Class G-2	Yes	Yes	No	Members Only at private 18-hole golf course of at least 5,000 yards	Yes

An on-premises licensee may also hold a Specially Designated Merchant (SDM) license to sell beer and wine for consumption off the premises.

Off-Premises Retail Licenses

These licenses are issued for the type of business where alcoholic beverages are sold for consumption elsewhere, and where consumption on the premises of the retailer is not allowed. The two types of off-premises licenses are:

- **SDD** Specially Designated Distributor. This license permits the licensee to sell liquor and mixed spirit drinks (distilled only) for consumption off the licensed premises.
 - **Resort** Resort SDD license may be issued if a business is designated to attract and accommodate tourists and visitors to the resort area.
- **SDM** Specially Designated Merchant. This license allows the licensee to sell only beer and wine for consumption off the licensed premises.

A SDD licensee can, and usually does, hold a SDM license.

Special Permits

Special Activity Permits are available to eligible retail licensees for a variety of activities. An inspection fee is charged for these permits and for most of them, local police and/or local government approval must be obtained before the Commission will grant the permit. A detailed fact sheet on Special Permits is available from the MLCC.

<i>Additional Bar</i>	For Class C, B-Hotel, Class C Resort, and B-Hotel Resort licensees. Required for each additional bar where customers may buy alcoholic beverages.
<i>Banquet Facility</i>	Extension of an on-premises license for the serving of alcoholic beverages at a facility used only for scheduled functions and events. Sale of food and non-alcoholic beverages must be at least 50 percent of gross sales at an on-premises location within the state. The permitted premises must be under the sole control of the licensee.
<i>Direct Connection</i>	For all retail licensees. Allows connecting the licensed business to an unlicensed area. Local police approval is required.
<i>Living Quarters</i>	For On-premises (Class C, Tavern, Class G-1, G-2), Off-premise (SDD, SDM) and Resort (Class C, Class G-1, G-2 Tavern, SDD) licensees. Allows living quarters to be directly connected to the licensed premises. Local police approval is required.
<i>Outdoor Service</i>	For all On-premises licensees. Permits the sale and consumption of alcoholic beverages in areas approved outside the licensed premises. Local police approval is required.
<i>Sunday Sales</i>	For On-premises (Class C, B-Hotel, G-1 and Club), Off-premise (SDD) and Resort (Class C, B-Hotel and SDD) licensees. Allows the sale of liquor between noon and midnight on Sundays if permitted by the local government. (Permit not needed for beer and wine sales).
<i>Topless Activity</i>	For On-premises licensees, as applicable. Allows topless activity on the licensed premises by employees, agents, contractors of the licensee or any person under the control of or with the permission of the licensee.

Dance **For all On-premises licensees.** Allows dancing by patrons in a designated area. Police and local government approval is required.

Entertainment **For all On-premises licensees.** Permits certain types of live performances on the licensed premises. Approval of police and local government is required. (The permit is not needed for playing musical instruments, singing or for public TV.) An Entertainment permit does not allow topless activity.

<i>Special Permits (Official)</i>
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Official permits listed below, allows the business to stay open for a specific reason/activity between 2:30 a.m. and 7 a.m. Monday through Saturday or between 2:30 a.m. and noon on Sunday. The licensee must specify the hours requested. Sales or consumption of any alcoholic beverages are not allowed during these hours. If the reason/activity is for the sale of food the business must operate a full-service kitchen. Local law enforcement approval is required.

After-hours Food **For all On-premises licensees (including Resorts).** Allows a business with a full-service kitchen to remain open for the sale of food between 2:30 a.m. and 7:00 a.m. Monday through Saturday, and from 2:30 a.m. and noon on Sunday. Sale or consumption of alcoholic beverages during these times is prohibited. Local police approval is required.

Bowling, Golf, Ski **For On-premises licensees, as applicable.** Generally allows the business to operate without the sale of alcoholic beverages before or after the legal hours for liquor sales. Police approval is required.

Dance **For all On-premises licensees.** Allows dancing by patrons in a designated area. Police and local government approval is required. **You must have a dance permit in order to obtain an official permit in order to have dancing at times other than legal hours.**

Entertainment **For all On-premises licensees.** Permits certain types of live performances on the licensed premises. Approval of police and local government is required. (The permit is not needed for playing musical instruments, singing or for public TV.) An Entertainment permit does not allow topless activity. **You must have an entertainment permit in order to obtain an official permit for entertainment at times other than legal hours.**

Licenses

Examples

Licenses issued by the commission shall be signed by the licensee, shall be framed under a transparent material, and shall be prominently displayed in the licensed premises.

Permits issued by the commission to a licensee shall be framed under a transparent material and shall be prominently displayed in the licensed premises adjacent to the liquor license. [Rule 436.1015]

Effective Date of License

STATE OF MICHIGAN

LIQUOR CONTROL COMMISSION

Effective May 1, 2009– Expires April 30, 2010 Unless Specified Otherwise Hereon

State Seal

THIS IS TO CERTIFY THAT A LICENSE IS HEREBY GRANTED TO THE PERSON(S) NAMED, TO SELL ALCOHOLIC LIQUOR IN ACCORDANCE WITH THE MICHIGAN LIQUOR CONTROL CODE AND ADMINISTRATIVE RULES GOVERNING THE TYPE OF LICENSE SHOWN HEREON.

THIS LICENSE is granted in accordance with the provisions of Act 58, of Public Acts of 1998, and shall continue in force FOR THE PERIOD DESIGNATED unless suspended, revoked, or declared null and void by the Liquor Control Commission. IN WITNESS WHEREOF the LIQUOR CONTROL COMMISSION has caused these presents to be duly signed and sealed, and the said Licensee has caused these presents to be duly signed and sealed.



DEPARTMENT OF
ENERGY, LABOR &
ECONOMIC GROWTH
Liquor Control Commission

2009 – 2010 LICENSE

THIS LICENSE SUPERSEDED ANY AND ALL OTHER LICENSES ISSUED PRIOR TO JANUARY 25, 2007

BUSINESS ID:

Business ID

1860

LICENSE NUMBER:

License Type,
Number, Year

CLASSC #2910- 2009 SS
SDM #12585 - 2009

Commissioner
Signatures Here

SULTANA PAR 3
H. H. ENTERPRISES, INC.

DBA Name, Address
of Establishment

22201 PENNSYLVANIA
WYANDOTTE, MI 48192

CRP – ACT
IND – ACT
CLB – ACT

Entity of the License &
Owner Status

D - 57117
WAYNE
D – 217.0
Brownstown TWP

File Number

PO:

2 BARS

PERMITS:

(REFER TO PERMIT DOCUMENT)

(REFER TO PERMIT DOCUMENT)

See next page for example of
permit

Licensee (s)
Signatures Here

STATE OF MICHIGAN

Effective Date of Permit

LIQUOR CONTROL COMMISSION

THIS PERMIT DOCUMENT SUPERSEDED ANY & ALL OTHER PERMITS ISSUED PRIOR TO 01-25-10

BUSINESS ID:

1860

Business ID Number

LICENSE NUMBER:

CLASS C
SDM2910-2009
12585-2009License Type,
Number, Year

SULTANA PAR 3

H. H. ENTERPRISES, INC.

Licensee Information

22201 PENNSYLVANIA
WYANDOTTE, MI 48192

CRP - ACT

File Number

D-57117
WAYNE
D- 217.0
BROWNSTOWN TWP

PO:

THE MICHIGAN LIQUOR CONTROL COMMISSION HEREBY GRANTS THE ABOVE LICENSED ESTABLISHMENT A PERMIT OR PERMISSION TO ALLOW THE DESCRIBED ACTIVITIES IN CONNECTION WITH THIS LICENSED BUSINESS. THE LICENSEE/S AGREE TO CONFORM WITH ALL STATUTES, ORDINANCES AND REGULATIONS APPLICABLE TO THE ESTABLISHMENT WITH THE INDICATED PERMIT/S. UNLESS SUSPENDED OR REVOKED BY THE MICHIGAN LIQUOR CONTROL COMMISSION, THIS PERMIT WILL REMAIN IN EFFECT UNTIL OWNERSHIP OR LOCATION IS TRANSFERRED. UPON DISCONTINUANCE OF ANY OF THE INDICATED PERMIT/S IN THIS LICENSED ESTABLISHMENT, THE PERMIT MUST BE RETURNED TO THE MICHIGAN LIQUOR CONTROL COMMISSION FOR CANCELLATION

SUNDAY SALES, DANCE, OD-SERV, OFFICIAL PERMIT (GOLF)

Permit

SPECIFIC PURPOSE PERMIT – FOR THE FOLLOWING HOURS, IN ADDITION TO REGULAR HOURS OF OPERATION. IT IS UNDERSTOOD THAT THE SALE OR SERVICE OF ALCOHOLIC BEVERAGES BETWEEN THE HOURS SPECIFIED WILL RESULT IN THE IMMEDIATE REVOCATION OF THIS

ADDBAR

TOTAL BARS = 2

OD-SERV

1 AREA

OFFICIAL PERMIT (GOLF)

DAYS: SUN TO SUN HOURS: 06:00 TO 12:00

State of Michigan

Liquor Control Commission

ADDITIONAL BAR PERMIT

[Authorized by MAC R436.1023(3)]

Effective Date

2009-2010

THIS IS NOT A LICENSE

Permit Number: 27-001

BUSINESS ID:

1860

LICENSE NUMBER:

CLASSC 2910-2009SS

SDM 12585-2009

SULTANA PAR 3

H. H. ENTERPRISES, INC.

License Type,
Number

CRP – ACT

22201 PENNSYLVANIA
WYANDOTTE, MI 48192

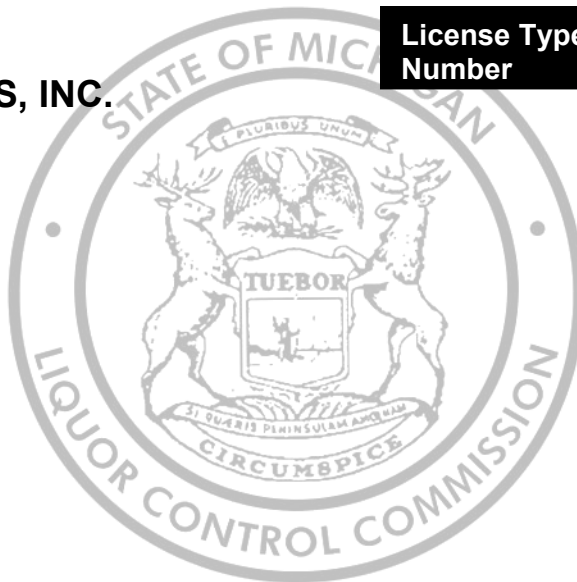
PO:

2 BARS

PERMITS

(REFER TO PERMIT DOCUMENT)

D- 57117
WAYNE
D- 217.0



THIS IS TO CERTIFY THAT: THIS ESTABLISHMENT IS LICENSED FOR THE SALE OF BEER, WINE AND SPIRITS FOR CONSUMPTION ON THE PREMISES AND HAS THE NUMBER OF BARS INDICATED AT WHICH BEER, WINE AND SPIRITS ARE TO BE SOLD TO CUSTOMERS, OR SERVED TO CUSTOMERS, OR CONSUMED BY CUSTOMERS, AND HAS ALSO PAID THE REQUIRED STATUTORY FEE.

THIS PERMIT EXPIRES ON THE SAME DATE AS THE LICENSE EXPIRES.

ILLEGAL SALES

Minors

- ▶ **Do not sell, furnish or give alcohol to anyone under 21 years of age.** [MCL 436.1801 and 436.1701]
- ▶ **Do not allow a person under 21 years of age to consume or possess for consumption, alcoholic beverages on the licensed premises.** [MCL 436.1707(5)]
- ▶ **Do not allow a person who is less than 18 years of age to sell or serve alcoholic beverages.** [MCL 436.1707(6)]

Licensee Penalties

There are serious penalties for selling or furnishing alcoholic beverages to minors:

<i>Misdemeanor</i>	A liquor licensee or an employee of the licensee who sells or furnishes alcoholic beverages to a minor may be found guilty of a misdemeanor.
<i>MLCC Violations</i>	A licensee who sells or furnishes alcoholic beverages to a minor, or whose employees sell or furnishes to a minor or who allow a minor to consume alcoholic beverages, may be charged with a violation of the Liquor Control Code or Rules. Penalties for violations, especially repeat violations, can be very severe, including the loss of the liquor license and fines up to \$1,000 per charge.
<i>Loss of License</i>	The local unit of government can request that the MLCC revoke the license of an off-premises licensee who has been found guilty of selling alcoholic beverages to minors on at least three separate occasions in one calendar year.
<i>Dram Shop Liability</i>	The licensee may also be held liable in civil suits when the sale or furnishing of alcoholic beverages is found to be the proximate cause of damage, injury or death of an innocent party. A separate Dram Shop Liability section is located on page 17.

Penalties for Minors

Michigan law does provide for penalties for minors who purchase, attempt to purchase, consume, attempt to consume, possess or attempt to possess alcoholic beverages (MCL 436.1703). The Secretary of State must suspend the driver's license of any minor convicted of using false identification to purchase alcoholic beverages. The police may also write court appearance tickets which may result in the minor being fined or ordered to attend substance abuse classes.

ILLEGAL SALES

Minors

Check for ID

Always check the identification (ID) of a person who appears less than 21 years old. The use of false ID is a serious problem for retail licensees and their employees. Minors attempting to purchase alcoholic beverages sometimes use altered, counterfeit, or someone else's ID. You may be able to deter the use of false ID by informing minors that under MCL 436.1703(2) an attempt to purchase liquor by using false ID is a misdemeanor and is punishable by imprisonment up to 93 days and/or a fine of up to \$100.

Altered This is an ID that has been physically changed after it was issued. Typically only the birth date and year are altered.

Counterfeit This ID is one that may appear valid, but is fraudulent. Common types of counterfeit identification are birth certificates, driver licenses, and ID cards. Counterfeit ID can also be obtained by using legitimate channels, and will *appear* to be authentic. Many counterfeits are caught when the licensee or clerk takes the time to be sure the ID corresponds to the person in front of them – if the person looks very young yet the ID says they are 30, more questions should be asked. It is not uncommon to ask for additional pieces of ID.

Someone Else's ID The use of someone else's ID is also a common occurrence. It may be borrowed, purchased, or obtained illegally. The ID is authentic but does not belong to the person presenting it.

Detecting False ID

Examine the ID closely – *can you see erasures, smudges, or the misalignment of letters or numbers? Does the picture match the identity of the person using it?* **Would you cash a personal check for someone using this ID?**

Alterations in driver licenses or ID cards can often be detected with a flashlight. Smudges, alterations and misalignments of seals is apparent and cards issued after June 1987 also have a watermark style coating that is high gloss and more difficult to alter.

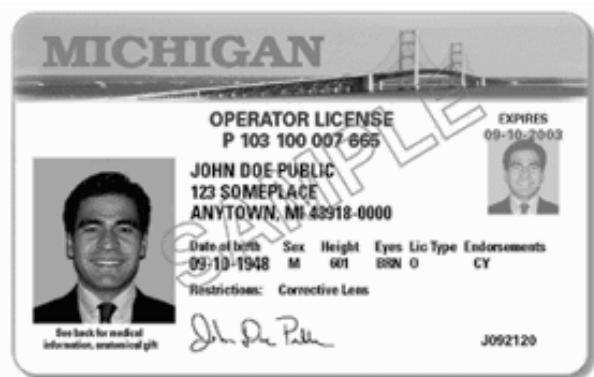
Can the person answer questions based on the details of the ID, such as address or the birth date? What's the correct spelling of your middle name? What street address is shown on your ID? What's your zip code for the address shown?

ILLEGAL SALES

Examining the Identification

Two types of Michigan driver licenses or identification cards are currently in use. Some people may renew these by mail (receiving a validation sticker), so both of these types will stay in use for several years.

ISSUED AFTER June 1998:

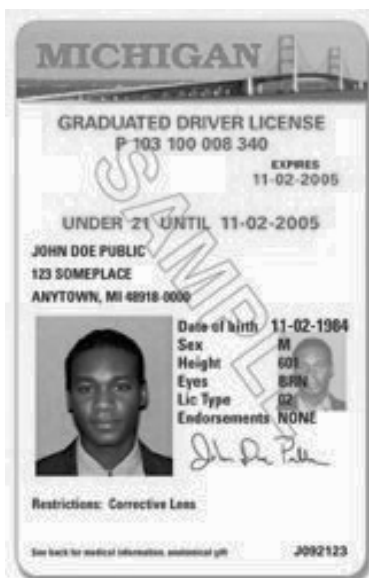


ISSUED AFTER April 2009:

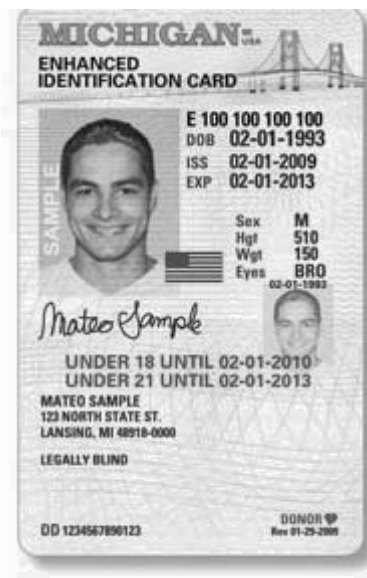


▲ White color with bright blue photo background. Outline of the state and the word MICHIGAN is digitally inserted into the front and is visible when held under a light. Back side displays magnetic stripe and bar code. For details see <http://www.michigan.gov/sos>

▲ Multi-Color background. Back side displays magnetic stripe and bar code. For details see <http://www.michigan.gov/sos>



▲ White color with bright blue photo background. "Under 21 until (date)" printed above picture. [The vertical license clearly lists the dates when the license-holder turns ages 18 and 21, and includes other security features such as the date of birth that overlaps a second photo of the license-holder, or "ghost" image, to prevent tampering with the date of birth.] For details see <http://www.michigan.gov/sos>



▲ Multi-Color background. "Under 21 until (date)" printed below picture. Back side displays magnetic stripe and bar code. [For details see <http://www.michigan.gov/sos>]

Identification Cards

ID cards – similar to driver’s licenses. The current card says “Identification Card” on it in black.

ID Checking Tips

- If an “Under 21” applicant obtains a new or duplicate license six months in advance of his/her 21st birthday, the license will have the “Under 21” designation – all ages should be verified by checking the date of birth!
- A “D” at the end of the number in the lower right corner indicates that the license or ID card is a DUPLICATE.
- Make sure the photo, height and eye color match the person in front of you, if any do not match ask for a second piece of ID. People with fake ID’s rarely carry back-up identification.

STILL DOUBTFUL?

If you have any doubt about a person’s age or the validity of their ID, you have the right to refuse to serve or sell alcohol to them. The loss of one legitimate sale is significantly less than the cost of a liquor violation both in the short-term and long - term operation of your business.

TEST YOURSELF WITH THESE QUESTIONS

- Q. *Can you sell beer to a person under 21 years of age if that person is accompanied by a parent?*
- A. **No. At no time may alcoholic beverages be sold or furnished to a person under 21 years of age. [MCL 436.1801 and 436.1701] The parent or guardian may not legally purchase alcohol for the minor.**
- Q. *A young appearing customer produces a Michigan driver’s license and two other pieces of ID indicating an age of 22 years. Your employee believes this customer is only 19 years old (because the person in question went to the same school as the clerk). Must your employee sell alcoholic beverages to this customer?*
- A. **No. It is your responsibility and that of your employees to ensure that no one under the age of 21 is sold alcoholic beverages. If you or an employee think the person may be under the age of 21, DO NOT SELL alcoholic beverages regardless of the ID shown. [MCL 436.1801 and 436.1701]**
- Q. *If you or an employee sell alcoholic beverages to a customer who produced a Michigan driver’s license and two other pieces of ID indicating his or her age to be 22 years and it is later determined by a police officer that the customer is actually 19 will YOU be charged with a violation? If so, how will it be treated by the Commission?*

- A. Yes. You may be found liable of selling alcohol to a minor. However, proof that a driver's license or other acceptable ID was diligently examined can be used as a defense. Depending on the appearance of the individual and the quality of the proof of age used, consideration of these factors could be used regarding the penalty. [MCL 436.1701]**
- Q. Your bartender sold two pitchers of beer and provided four glasses to a customer who was over 21 years old. The customer took the beer and glasses to a table in a dark corner of the bar where other people were sitting. Later, Commission investigators saw four patrons drinking and discovered that the other three people at the table were only 18 years old. Are you at fault?*
- A. Yes. The licensee is responsible for the control of the bar, including who is given and who is consuming alcoholic beverages. You can be cited for two violations: 1) furnishing alcoholic beverages to persons under 21, and 2) allowing persons under 21 to consume alcohol on the licensed premises. The bartender can also be charged with a misdemeanor. [MCL 436.1801, 436.1701 and 436.1707]**
- Q. A clerk in your party store was very busy serving customers. Two youthful-looking boys purchased a case of beer from the clerk who felt too busy to check for ID. A police officer stopped the boys and discovered they were only 16 years old. Can the clerk get into trouble?*
- A. Yes. A person who knowingly sells to someone under age 21, or who fails to make a diligent inquiry as to the customer's age, may be charged with a misdemeanor. The licensee can also be charged with a violation before the commission because the licensee is responsible for the acts of employees. [MCL 436.1801, 436.1701]**
- Q. An employee of your party store delivers an order, which includes beer and/or wine, to a customer's home. The customer who ordered and paid for the merchandise is not at home. Can the employee deliver the order to the customer's 19-year-old daughter?*
- A. No. This is considered a sale to a minor since the definition of a sale also includes "furnishing" of beer and/or wine. [MCL 436.1701 , MCL 436.1203(3)] and MCL 436.1203(II)]**
- Q. You would like to hire your son, who is 17, to work as a part-time bartender in your licensed establishment. Can he work for you in this capacity?*
- A. No. A licensee cannot allow any person less than 18 years of age to sell or serve alcoholic beverages. [MCL 436.1707(6)]**

- Q. *You employ a 16 year old as a cashier in your party store. Can she ring up and collect the money for the sale of alcoholic beverages?*
- A. **No. An employee selling alcoholic beverages must be at least 18 years old. However, the employee can do other jobs that do not involve alcoholic beverages. [MCL 436.1707]**

ILLEGAL SALES

Intoxicated Customers

- ❖ **Do not sell or serve alcoholic beverages to a person who is intoxicated.** [MCL 436.1801 and 436.2025, and 436.1707]
- ❖ **Do not allow an intoxicated person to consume alcoholic beverages on the licensed premises.** [MCL 436.1707]

Licensee Penalties

There are serious penalties for selling or furnishing alcoholic beverages to a visibly intoxicated person:

- | | |
|-----------------------------------|---|
| <i>Misdemeanor</i> | A liquor licensee who sells or furnishes alcoholic beverages to a visibly intoxicated person may be found guilty of a misdemeanor (MCL 436.1909). |
| <i>MLCC Violation</i> | A licensee who sells or furnishes alcoholic beverages, or whose employees sell or furnish alcoholic beverages, to a visibly intoxicated person may be charged with a violation of the liquor laws. Penalties for violations can be severe and can include loss of the license. |
| <i>Dram Shop Liability</i> | The licensee may also be held liable in civil suits when the sale or furnishing of alcoholic beverages to a visibly intoxicated person is found to be the proximate cause of damage, injury, or death of an innocent person. <i>(A separate section on Dram Shop Liability is included on page 21 of this booklet.)</i> |

Signs of Intoxication

It is the responsibility of licensees and their employees to make certain that no one is allowed to become intoxicated on the licensed premises, and that anyone who enters the licensed premises in an intoxicated condition not be allowed to purchase or consume any alcoholic beverages.

Intoxication is a gradual process of losing control of emotional, mental, and physical capabilities caused by excessive alcohol consumption. Because intoxication is a progressive reaction, licensees and employees need to understand and be able to identify when customers are approaching intoxication and how to manage their consumption.

At first customers may display more emotion than usual – followed by a loss in judgment. At this stage, they may not be capable of determining whether they have had too much to drink. If allowed to continue

consuming alcoholic beverages, they will likely display the classic signs of intoxication which are easily detectible. These include staggering, slurred speech, complaining about drinks and/or prices, loud or boisterous behavior or annoying other guests or servers, etc.

Training

Many excellent training courses are available to aid licensees and their employees in identifying intoxicated persons and methods for moderating customer alcohol intake. Contact your association, the local police or sheriff's department, or the Liquor Control Commission for information regarding server training programs approved by the MLCC.

Intoxicated Licensee or Employees No person on the licensed premises, including the licensee or employees should be intoxicated (MCL 436.1707(3)).

TEST YOURSELF WITH THESE QUESTIONS

Q. *Can you or an employee serve a drink to a customer who is intoxicated if the drink is PURCHASED by a friend of the customer who is NOT intoxicated?*

A. **No. A licensee or employee may not allow the intoxicated person to purchase or CONSUME alcohol. Licensees and employees should be alert to attempts to violate the law in this manner. [MCL 436.1707]**

Q. *Can you or an employee consume alcoholic beverages while on duty?*

A. **SDM and SDD licensees and their employees may not drink alcoholic beverages while on duty. [Rule 436.1511] prohibits any open containers of alcoholic liquor on the premises (except sample bottles or cans).**

Existing regulations do not prohibit an on-premises licensee or employee from consuming alcoholic beverages while working, however the Liquor Control Code very specifically prohibits either a licensee or an employee from being INTOXICATED on the licensed premises. [MCL 436.1707]

Most licensees find it a good business practice not to drink or allow their employees to drink while working. Therefore it would not be a good business practice to allow drinking on the "clock".

Q. *Every bar needs regular customers to thrive financially. While you are tending the bar, one of your best customers staggers in the door and tells you to get a round of drinks for everyone. This customer's speech is slurred, his eyes are dilated and he appears clumsy and drowsy. In view of the fact that he lives only a block away, is there any harm in serving him one drink with the understanding that after that he is to head home?*

A. **Yes. At no time are you allowed to sell or serve alcoholic beverages to an intoxicated person regardless of how close-by they live. The customer's visible signs of intoxication should alert you not to serve the person. It would be wise to offer that person some food or a non-alcoholic beverage or to arrange transportation for that person as an alternative to sending them back onto the street. Remember that under Michigan's Dram Shop laws, you may be financially liable for any accidents resulting from the sale of alcohol to an intoxicated person. [MCL 436.1801 and 436.2025, and 436.1707]**

- Q. *The police receive a complaint from a person who lives next to your party store that several persons are drinking alcoholic beverages and creating a disturbance in your parking lot. When the police arrive, they determine that the alcoholic beverages being consumed were purchased at your party store and that the customers are of legal age. Can YOU be cited for a liquor violation?*
- A. **Yes, if you allowed the persons to drink the alcoholic beverages in your parking lot. An off-premises licensee is responsible for actions in the licensed business and on all property next to the licensed business which is controlled by the licensee. [Rule 436.1523]**
- Q. *Are slurred speech, red eyes and or dilated pupils, slow response time to questions, and loud boisterous or annoying other guests and/or servers signs of intoxication which might prevent you from serving a customer?*
- A. **Yes. A customer displaying some or all of these characteristics is likely to be intoxicated. It is in your best interest NOT to serve this customer any alcoholic beverage.**

ILLEGAL SALES

Dram Shop Liability

- Sales of alcoholic beverages to persons under 21 and to visibly intoxicated persons can result in civil liability suits when the sale is shown to be the proximate cause of damage, injury or death of an innocent person. [MCL 436.1801]
- All applicants for retail liquor licenses and existing retail liquor licensees are required to file proof of financial responsibility of not less than \$50,000 before a license is issued or renewed. [MCL 436.1803]

YOU SHOULD ALSO KNOW

Liability

Dram Shop statutes in Michigan, like those in other states, acknowledge a social problem by imposing a legal responsibility on the retail liquor licensee. The purpose of the Dram Shop laws is to provide legal resources for an innocent person who is injured when the sale or furnishing of alcohol is proven to be a proximate cause of damage, injury or death.

This civil liability is separate from violation penalties which the Commission may impose, and criminal penalties which the courts may impose. **You can lessen your financial vulnerability by never serving alcoholic beverages to people who are less than 21 years old, or who are visibly intoxicated.**

Lawsuit Limitations

There are certain provisions in the Dram Shop liability laws which place limits on civil suits. From the licensee's standpoint, the significant provisions are:

- A rebuttable presumption that any licensee, other than the last one to sell or furnish alcohol to the underage or visibly intoxicated person, is not liable. [MCL 436.1801(8)]

- Neither the visibly intoxicated person nor any person who has lost the financial support, services, love, guidance, society, or companionship of the visibly intoxicated person, has a cause for action against the licensee. [MCL 436.1801(9)]

Financial Responsibility

As of April 1, 1988, all retail liquor license applicants and retail liquor licensees must provide to the Liquor Control Commission proof of financial responsibility of at least \$50,000. A licensee must maintain at all times a minimum of \$50,000 as full or partial payment of a judgment awarded as the result of a Dram Shop lawsuit.

The method most often used by licensees to meet this requirement is purchase of a liquor liability insurance policy worth at least \$50,000. Other acceptable means of complying include depositing \$50,000 in cash or unencumbered securities with the Commission.

TEST YOURSELF WITH THESE QUESTIONS

- Q. *What happens if the Commission receives a cancellation of the Dram Shop coverage?*
- A. **After verifying that the liquor licensed business is still operating, a letter and Commission Order of Suspension are sent to the licensee with a new “Proof of Financial Responsibility” form.**
- Q. *What happens if I have sent my license in for escrow and a cancellation notice is received?*
- A. **Licensing does not send an Order of Suspension to the licensee in this case. However, the records are marked to indicate that prior to reactivation of the license; a new proof of financial responsibility will be required.**
- Q. *What action is taken if no proof of financial responsibility is received by the suspension date?*
- A. **Licensing staff notifies the Enforcement Division and the local law enforcement agency that the license is suspended and to confiscate the license according to the provisions of the Suspension Order. The local law enforcement agency may confiscate your license until a new proof of financial responsibility is submitted.**
- Q. *Why do we receive the Order of Suspension long before the new proof of financial responsibility is required?*
- A. **The law requires both the licensee and insurance carrier to provide at least 30 days notice to MLCC that the insurance policy will be canceled or terminated. The Licensing Division attempts to give the licensee ample time to renew the coverage or make the appropriate premium payment to remain in compliance with the statutory requirements.**
- Q. *Is it necessary to provide proof of financial responsibility every year with the renewal application?*
- A. **Liquor liability coverage only terminates upon written notice from the carrier or provider which may be received at any time throughout the year. Unless the licensee coverage has been canceled during the renewal processing period, the licensee does not need to send documents substantiating coverage.**

- Q. *If I sign the LC-95 form indicating coverage or send a paid receipt, will this stop a cancellation?*
- A. **No. The LC-95 requires certification of coverage by an authorized agent or representative of the insurance carrier or institution providing such coverage.**

PROHIBITED CONDUCT

Drugs, Violence, Gambling, Sexual Activity, Etc.

*Drugs, Controlled
Substances*

Do not allow the sale, possession, or consumption of any controlled substances on the licensed premises. [Rule 436.1011]

Do not allow narcotics paraphernalia to be sold, exchanged, used or stored on the licensed premises. [Rule 436.1011]

*Violence, Fighting,
Weapons*

Do not allow fighting, brawling, or the improper use of any weapons on the licensed premises. [Rule 436.1011]

*Gambling, Gaming
Devices*

Do not allow illegal gambling or gaming devices on the licensed premises. [MCL 436.1901(2)]

**Any illegal gambling device or items used for illegal gambling purposes as determined under Michigan laws will be confiscated and destroyed if found on the licensed premises regardless of whether they are owned by the licensee or another party.*

*Molesting, Accosting,
Solicitation*

Do not allow the annoying or molesting of customers or employees and do not allow the premises to be used for solicitation for prostitution by either customers or employees. [Rule 436.1011]

Nudity, Topless Activity

Check with the local governmental unit to determine if the city, township or village has enacted any ordinances prohibiting topless activity or nudity within the city, township, or village where the licensed premises is located. If not prohibited by local ordinance, a Topless Activity Permit is required for any topless activity on the licensed premises. [MCL 436.1916]

Awareness is Key

Observe

It is your responsibility as the licensee to always maintain control of the licensed premises. This means that you and your employees must always be observant of customers and situations.

Evaluate

If you or your employees observe what appears to be an illegal act, you need to evaluate the situation. Some situations can be easily handled by talking to the customers. Others may require a more forceful stance. Some situations may be dangerous for either you or your employees or other customers. Always evaluate the people and the situation to determine the best course of action.

Act You do not have enforcement authority, you cannot arrest anyone. However, you or your employees can demand that a customer(s) leave the premises. If the situation appears threatening, call the local police. Be aware, however, that excessive police calls may result in violations being charged against you or a request from the local unit of government that the Liquor Commission revoke or not renew your license. Don't let your premises become a place noted for illegal activities thereby jeopardizing your liquor license and your standing in the business community. Work with law enforcement and/or MLCC investigator to reduce or eliminate illegal activities.

TEST YOURSELF WITH THESE QUESTIONS

- Q. *You notice that a person always comes into your restaurant at the same time every day and sits at the same table if possible. Lots of different people come and visit this customer for a short period of time. Finally, you see an exchange of money and the customer passes a small package to the visitor that you believe may contain illegal drugs. Could this be a violation?*
- A. **Yes. Allowing the sale, possession, or use of any controlled substances on the licensed premises is a violation. If you suspect that a customer(s) is dealing drugs on your licensed premises, you should:**
a) express your concern for receiving a liquor code violation and ask them to leave. [Rule 436.1011]
b) notify the local police department of your suspicions.
- Q. *A husband calls you and threatens to contact the Commission or local police if you do not stop his wife from playing pool and euchre for money when she comes into the bar. You know that the woman never plays for much and can afford her losses. Should you stop her?*
- A. **Yes. State law prohibits any unlawful gambling (as well as any gambling devices prohibited by state statutes) on the licensed premises. The only "legal gambling" is that authorized by the Michigan Bureau of State Lottery. [MCL 436.1901], and Michigan Gaming Control and Revenue Act]**
- Q. *Your restaurant is approached by a local charitable group who wishes to use a banquet room to hold a "Las Vegas Night." All the proceeds from the event will be used to provide gifts for needy children, and your restaurant will cater all food and drinks. Is this activity OK?*
- A. **Only if the charity obtains the proper license from the Charitable Gaming Division of the Bureau of State Lottery for the gambling activity. [MCL 436.1901]**
- Q. *A licensed establishment has a regular customer who is extremely obnoxious. This customer insults another customer, who is known for fighting, and the other customer starts throwing punches. In view of the fact that the obnoxious customer probably needs to be taught a lesson, the employees allow him to be beaten up. Would their lack of action be justified?*
- A. **No. Allowing fights on the licensed premises is illegal. Consider also that the licensee may be sued by either or both parties. [Rule 436.1011]**
- Q. *Your bartender is a bit "nosey" and overhears a person soliciting an entertainer to commit prostitution. As she listens in on the conversation she also hears the person uttering annoying phrases and observes the person molesting the entertainer. In these circumstances should you take action or tell the bartender to "mind her own business?"*

- A. **You should take action.** Licensees and their employees may not allow the annoying or molesting of customers or employees by other customers or employees. In addition, licensees cannot allow accosting or soliciting for the purposes of prostitution. In both cases, the licensee is liable. [Rule 436.1011]

*Refer to the MLCC Administrative Rules for a description of all prohibited acts.

OPERATING THE LICENSED BUSINESS

Hours and Days of Operation

Monday through Saturday **Do not sell alcoholic beverages (beer, wine, or liquor) between the hours of 2 a.m. and 7 a.m. Monday through Saturday.** [MCL 436.2114 and Rule 436.1403 and Rule 436.1503]

Consumption On-premises **Do not allow anyone (including yourself or employees) to consume alcoholic beverages on the licensed premises between 2:30 a.m. and 7 a.m. Monday through Saturday, between 2:30 a.m. and 12 noon on Sundays, after 9:30 p.m. on December 24, or after 4:30 a.m. on January 1.** [Rule 436.1403]

Sunday Sales **Do not sell beer, wine or liquor on Sunday between 2 a.m. and 12 noon.** [MCL 436.2113 and MCL 436.2114 and Rule 436.1403 and Rule 436.1503]

Do not sell liquor between noon and midnight on Sunday unless you are issued a Sunday Sales permit by the Liquor Control Commission. [MCL 436.2115]

Christmas Sales **Do not sell any alcoholic beverages between 9 p.m. on December 24 (Christmas Eve) and 7 a.m. on December 26, (the day after Christmas).**

If December 26 is on a Sunday, the sale of alcoholic beverages is governed by the Sunday Sales law. [MCL 436.2113(5) and Rule 436.1403]

** However, the establishment may be open for the sale of other goods and services.*

New Years Sales **On-premises licensees – Do not sell alcoholic beverages between 4 a.m. and 7 a.m. on New Years Day.** [Rule 436.1403]

Off-premises licensees – (party, drug, grocery stores, etc.) – Do not sell alcoholic beverages between 2 a.m. and 7 a.m. on New Years Day. [Rule 436.1503]

Election Day Sales **Unless prohibited by local ordinances, alcoholic beverages may be sold on Election Day during the regular hours. Check with your local governing body (city council, township board, etc.) to determine whether you may sell alcoholic beverages on election days.** [MCL 436.2113]

TEST YOURSELF WITH THESE QUESTIONS

- Q. *You have a small neighborhood convenience store with licenses to sell beer, wine and liquor. Can you open on Christmas Day?*
- A. **Yes. However, you cannot sell any alcoholic beverages. [MCL 436.2113]**
- Q. *You have a small restaurant with a Class C liquor license and have been thinking about opening on Sunday. Can you sell liquor after 12 Noon?*
- A. **Only if you have a Sunday Sales Permit issued by the Liquor Control Commission and Sunday Sales are legal in your governmental unit. To obtain a Sunday Sales Permit application contact the Liquor Control Commission Licensing Division at (517) 322-1400 or all of our forms are located on our website: www.michigan.gov/lcc. [MCL 436.2115 and Rule 436.1403]**
- NOTE:** *You can sell beer or wine on Sunday after 12 noon without a Sunday Sales Permit (unless prohibited by local ordinance), but you need the Sunday Sales Permit to sell spirits on Sunday.*
- Q. *A customer in your 24-hour grocery store purchases a case of beer, along with other merchandise at 12:30 a.m. He asks an employee to hold these purchases for a later pick up. At 2:30 a.m. the customer returns to the store and the employee hands over the merchandise, including the beer. Has a violation taken place?*
- A. **Yes. Remember, the sale is not completed until the customer takes possession of the merchandise. [Rule 436.1503]**

OPERATING THE LICENSED BUSINESS

License and Location

- **Do not sell or transfer an interest in a licensed business without written approval of the Commission. [MCL 436.1529]**
- **Do not obtain a license for the use or benefit of a person whose name does not appear on the license. [Rule 436.1041]**
- **Do not alter the size, rent, transfer or lease a portion of the licensed premises without Commission approval. [Rule 436.1023]**
- **Do not close the business for more than one month without returning the license for escrow. [Rule 436.1047]**
- **Be sure to renew a retail liquor license by May 1 of each year. [MCL 436.1501] or place your license in escrow if you do not intend to continue selling alcoholic beverages.**

TEST YOURSELF WITH THESE QUESTIONS

- Q. *You are a sole stockholder in a licensed corporation. You need additional funding so you sold half of your corporate stock to a friend and then notified the Commission. Did a violation take place?*
- A. **Yes. Commission approval is required as stockholders must be fingerprinted and investigated and approved prior to obtaining 10% or more of the corporate stock in a licensed corporation. [Rule 436.1115]**
- Q. *You decided that your licensed business does not generate sufficient funds to defray your operating costs. You want to seal off a small portion of the licensed premises and lease it to an acquaintance to open a flower shop. Would this change in business space create a problem with your liquor license?*
- A. **Yes. A licensee may not add or drop space from the licensed premises without prior Commission approval. The Commission requires that the licensee be legally responsible for the entire licensed premises so licensed premises may not be leased or rented to others. [Rule 436.1023]**
- Q. *Must you get permission from the Liquor Control Commission before adding or dropping a partner?*
- A. **Yes. You must get Commission approval prior to any change in ownership. [MCL 436.1529]**
- Q. *Your landlord wants you to sign a new lease wherein he receives 5% of the net profits from your business as the annual rent. Is the landlord within his/her rights to request this?*
- A. **No. Only the licensee may take net profits from the business. [Rule 436.1041 and Rule 436.1117]**
- Q. *You want to construct an outside patio for the service of food and alcoholic beverages. Since the patio would be located in an area next to the licensed business, do you need to get prior approval from the Liquor Control Commission?*
- A. **Yes. The Commission requires that licensees obtain permission for an outdoor service area prior to use – even if it is immediately next to the licensed business. [Rule 436.1419]**

OPERATING THE LICENSED BUSINESS

Purchases and Sales

Order all of your liquor online from the State of Michigan. A complete listing of all products is found on the website, www.michigan.gov/lcc.

To access the Online Liquor Ordering System, you will need a password. A password was issued with your new license.

If you need to request a password: Call 1-800-701-0513 Monday through Friday 8:00 a.m. until 5:00 p.m. or email mlccpasswordrequests@michigan.gov

Authorized Distribution Agents (ADAs)

General Wine & Liquor Company, Inc.	373 Victor Ave. Highland Park, MI 48203 <i>Automated Order</i>	888-990-0600 888-860-3805 800-668-9571
NWS Michigan, Inc.	17550 Allen Road, PO Box 2209 Brownstown, MI 48192 <i>Automated Order</i>	888-697-6424 x 2 888-642-4697 x 2 888-697-6424 x 1 888-642-4697 x 1
Chinese Import & Export	Warehouse: 1100 Owensdale, Ste. F Troy, MI 48083 Mail: PO Box 823, Troy, MI 48099	248-524-1382 FAX 248-524-4011

Questions on how the system works or complaints about the service received call the Michigan Liquor Control Commission Help Line, Monday through Friday 8:00 a.m. – 5:00 p.m. 1-800-701-0513.

Buying and Selling Alcoholic Beverages

All Licensees Do not purchase beer, wine, or liquor from unauthorized sources. All retail licensees must buy beer and wine from their designated licensed wholesalers. Liquor must be purchased from the state and delivered by an Authorized Distribution Agent with one exception – an on-premises licensee may purchase up to 9 liters of liquor from a retail licensee per month. **[MCL 436.1203, 436.1205 and 436.1901]**

Do not sell alcoholic beverages below cost. **[Rule 436.1055]**

Do not adulterate or misbrand alcoholic liquors. Do not refill bottles with either the same brand or a different brand. **[MCL 436.2005]**

All alcoholic beverages purchases must be for cash only. **[MCL 436.2013]**

Off-premises Licensees Only Do not sell liquor at less than the minimum retail selling price established by the Liquor Control Commission. **[MCL 436.1229, 436.1233, and Rule 436.1529]**

On-premises Licensees Only Do not allow alcoholic beverages sold for consumption on the premises to be removed from the premises. **[MCL 436.2021]**

Alcoholic liquor tap markers must be marked to identify the brand of alcoholic liquor being sold. If the brand being sold is changed, the tap marker must also be changed. **[Rule 436.1331]**

An on-premises licensee and their employees are not permitted to solicit customers for the purchase of alcoholic beverages for themselves or any other person. **[Rule 436.1417]**

When a person orders a brand name alcoholic liquor, the licensee shall serve and sell only the brand name ordered by that person. **[Rule 436.1431]**

Club Licensees Only

Alcoholic beverages may be sold only to bona fide members of the club who are of legal age. **[MCL 436.1537]**

Internet Sales

A retailer that holds a specially designated merchant license in this state; an out-of-state retailer that holds its state's substantial equivalent license; or a brewpub, microbrewer, or an out-of-state entity that is the substantial equivalent of a brewpub or microbrewer may deliver beer and wine to the home or other designated location of a consumer if the beer or wine, or both, is delivered by the retailer's, brewpub's, or microbrewer's employee and not by an agent or by a third party delivery service. The retailer, brewpub, or microbrewer or its employee, who delivers the beer or wine, or both, verifies that the person accepting delivery is at least 21 years of age. And if the retailer, brewpub, or microbrewer or its employee intends to provide service to consumers, the retailer, brewpub, or microbrewer or its employee providing the service must have received alcohol server training through a server training program approved by the commission. **[MCL 436.1203]**

The purchaser and person receiving the delivery must be 21 years of age or older and be able to provide acceptable Michigan identification. **[Rule 436.1527]**

Sale, delivery, or importation of alcoholic liquor, including alcoholic liquor for personal use, shall not be made in this state unless the sale, delivery, or importation is made by the commission, the commission's authorized agent or distributor, an authorized distribution agent approved by order of the commission, a person licensed by the commission, or by prior written order of the commission. **[MCL 436.1203]**

Alcohol MAY be shipped from Michigan into another state IF all of the regulations of the other state are met.

<i>Taxes</i>

Licensees must comply with state and federal tax requirements on the retail sale of alcoholic beverages:

Federal Tax – the base price contained in the liquor price list includes a \$13.50 tax against each proof gallon.

State Taxes – **Specific Taxes** – specific taxes on liquor are collected by the Commission at the time of sale to the retail licensee. All specific taxes are calculated on the base price. These taxes will be shown on the licensee's invoice. The specific taxes include:

- 4 percent - distributed to School Aid Fund
- 4 percent - distributed to the General Fund
- 4 percent - distributed to the Conventional Facility Development Fund
- 1.85 percent - distributed to the Liquor Purchase Revolving Fund

Michigan Sales Tax is computed on top of the “SDD shelf price” for liquor shown in the MLCC price list for off-premises licensees. The sales tax **cannot** be included in the shelf price or the advertised price but is collected from the consumer at the time of retail sale. **The licensee must send all sales tax to the Michigan Department of Treasury.**

TEST YOURSELF WITH THESE QUESTIONS

- Q. *If your bar runs short of it's most popular brand of liquor on Saturday night, can your bartender go to the liquor store down the street and buy six bottles of the brand?*
- A. **Yes – Bars must purchase all liquor from the MLCC and have them delivered by an Authorized Distribution Agent except for a 9 liter allowance provided per month. You should develop inventory management practices that will reduce the possibility of running short of popular brands. If you do run out you might suggest alternate choices to your customers. [MCL 436.1205(10)]**
- Q. *A frequent customer of your SDD party store asks for a certain brand of liquor as part of a large order. You do not have this brand in stock. In order to satisfy your customer and not lose future sales, you send an employee to a nearby package liquor store to purchase the missing items. Has a violation taken place?*
- A. **Yes. An SDD licensee can only purchase liquor from the MLCC with delivery by an authorized distribution agent. An SDM licensee can only purchase beer and wine from a wholesale licensee. [MCL 436.1901]**
- Q. *May you sell homemade wine or beer?*
- A. **No. A licensee may not sell beer or wine that is not purchased from a licensed wholesaler. [MCL 436.1901]**
- Q. *Your SDD party store regularly sells 10 to 12 bottles of liquor to the bar next door. Because the bar is a regular customer and buys large amounts, you give a 10 percent discount off the retail price set by the Commission and collect payment monthly. Is this a violation?*
- A. **Yes. SDD licensees cannot sell liquor at less than the retail selling price established by the Commission. They are only allowed to sell up to 9 liters of spirits to any on-premises licensee per month, and SDD licensees must also sell for cash and cannot allow collection of monthly payments. [MCL 436.1205, 436.1229, 436.1233, 436.2013 and, 436.1901]**
- Q. *A beer truck driver tells you that if you buy 30 cases of a certain brand, an additional two cases will be included with the order at no charge. Is this a violation?*
- A. **Yes. Both you (as the retail licensee) and the wholesaler would be cited before the Commission. The retail licensee cannot accept purchasing incentives of any kind, including free alcoholic beverages. The wholesaler can only sell at the posted price. [MCL 436.1609 and Rule 436.1035]**

- Q. *One of the waitresses who works in your bar has a terrific personality. When she is not busy serving, she sits with customers and talks and jokes with them. Frequently she gets them to buy her expensive drinks that increase your profits considerably. You would like to train all of the waitresses to follow her example. Would there be a problem with this sales tactic?*
- A. **Yes. Anyone who serves food or liquor is prohibited from soliciting drinks from customers for themselves or others. Ask your waitress with the terrific personality to serve customers only. [Rule 436.1417]**
- Q. *Can you sell alcoholic beverages to a friend who occasionally comes in to a private club even though she is not a club member?*
- A. **No. Club licensees should never sell alcoholic beverages to anyone who is not a bona fide club member of legal age. However, it is permissible for a club member to purchase alcoholic beverages for his or her guests of legal age. [MCL 436.1537]**

OPERATING THE LICENSED BUSINESS

Promotions

- **Do not allow contests or tournaments in which alcoholic beverages are used or given away as prizes in excess of \$250 without prior Commission approval. [Rule 436.1435]**
- **Do not give away any alcohol of any kind or description at any time in connection with the licensed business except manufacturers for consumption on the premises, licensed vendors for employee tastings, or Class A or B Resort Hotels. [MCL 436.2025]**
- **Do not allow contests or tournaments in which alcoholic beverages are used or given as prizes. [Rule 436.1019 and Rule 436.1435]**
- **Do not allow or advertise promotions that may encourage excessive alcohol consumption. Specifically, “two-for-one drinks” and “all you can drink for one price (commonly known as ‘open bar’)” promotions are illegal. [Rule 436.1438]**
- **Do not allow promotions of any kind in which anything of value in excess of \$250 is given away unless prior Commission approval is obtained. [Rule 436.1435]**
- **Do not hold any contest or allow any performance on the licensed premises without an Entertainment Permit. [MCL 436.1916*, *section also covers exceptions]**
- **Do not allow topless activity on the licensed premises without a Topless Activity Permit. [MCL 436.1916]**

TEST YOURSELF WITH THESE QUESTIONS

- Q. *To try and promote business on a slow night, you decide to have a talent show, allowing any of your customers to perform. The winners, as determined by the audience, will receive gag gifts, none of which will cost you more than \$3. Do you need an Entertainment Permit in order to conduct the talent show?*

- A. **Yes. Even though the prizes have minimal value and the entertainers are unpaid, an Entertainment Permit is required before any type of contest may be held. [MCL 436.1916]**
- Q. *As a prize in your weekly dance contest, you want to give the winning couple a bottle of domestic champagne. Because the price of the champagne is below the \$50 limit for prizes, is it a permissible prize?*
- A. **No. Alcoholic beverages cannot be given as prizes, for contests or tournaments, regardless of their value. [Rule 436.1019, Rule 436.1435]**
- Q. *Can I advertise a special price on a certain brand of alcoholic beverage?*
- A. **Yes, with certain restrictions. Retail licensees (both on- and off-premises) are allowed to advertise specific brands and prices in any media (newspapers, radio, TV, billboards and signs both at the retail establishment and elsewhere) provided:**
- **You do not advertise or sell any alcoholic beverage at less than your cost.**
 - **On-premises licensees do not advertise or sell an unlimited quantity of alcohol at a specific price.**
 - **You do not advertise two or more drinks for one price.**
 - **You do not receive any aid or assistance from a wholesaler or manufacturer.**
 - **[MCL 436.1609, Rule 436.1035 and 436.1319]**

Server Training Requirements

On August 1, 2001, the Michigan Liquor Control Commission implemented the new mandatory server training requirement for licensees obtaining a new or transferring more than 50 percent interest in an existing on-premises license to have server trained supervisory personnel employed during all hours alcoholic beverages are served as outlined in MCL 436.1501(1).

At this time, the following are the only Commission approved server training programs pursuant to MCL 436.1906:

TAM® – Techniques for Alcohol Management
1-800-292-2896
www.mlba.org

TIPS® - Training for Intervention Procedures
1-800-438-8477
www.gettips.com

ServSafe Alcohol™ – Responsible Alcohol Service
1-800-968-9668
www.michiganrestaurant.org

C.A.R.E.® - Controlling Alcohol Risks Effectively
1-800-344-3320
www.ei-ahla.org

Online Services

www.michigan.gov/lcc

The screenshot shows the Michigan Department of Energy, Labor & Economic Growth website. The main header includes the DELEG logo and the text "Department of Energy, Labor & Economic Growth". The navigation bar contains links for "Michigan.gov Home", "Sitemap", "Contacts", "Online Services", and "Agencies". The left sidebar lists various categories: LIQUOR CONTROL, INSIDE DELEG, AGENCIES & COMMISSIONS, COMMERCIAL SERVICES & CORPORATIONS, CONSTRUCTION CODES, ENERGY SYSTEMS, FINANCIAL & INSURANCE REGULATION, HEARING, APPEALS, MEDIATION & RULES, JOBS, EDUCATION & TRAINING, METRO AUTHORITY, MI LAND BANK FAST TRACK AUTHORITY, MIOSHA, and WAGE & HOUR DIVISION. The main content area features a "Welcome" message, "What's New" section with links to various reports and documents, a "Spotlight" section with a "WE ALL LOSE WHEN KIDS BUY BOOZE!" graphic, and an "Alerts" section with a list of recent notices. The right sidebar includes a search bar, "MI Business One Stop" links, "Quicklinks", a "Lansing Map", and "Active and Escrowed License Query".

Annotations:

- Violation Statistics and Details, other pertinent information**: Points to the "Violation Statistics and Details" link in the "LIQUOR CONTROL" section.
- All of the Laws/Rules quoted in this booklet can be found when you click this link.**: Points to the "Liquor Control Code & Administrative Rules" link in the "LIQUOR CONTROL" section.
- Check back here for up-to-date information and news from the MLCC.**: Points to the "What's New" section.
- All forms are writeable (fill, print, submit)**: Points to the "Forms" link in the "LIQUOR CONTROL" section.
- Price book, ADA changes, General Information**: Points to the "Price book, ADA changes, General Information" link in the "LIQUOR CONTROL" section.
- Contact information**: Points to the "Contact information" link in the "LIQUOR CONTROL" section.
- Search all active and escrowed licenses throughout the state.**: Points to the "Active and Escrowed License Query" link in the right sidebar.
- All of the Online Services Available**: Points to the "MLCC Online Services" section.

MLCC Online Services

- Beer, Wine and Mixed Spirit Drink Product Registration
- Markup, Price & Profit Calculators for Off-Premises Licensees
- Liquor License Renewal
- Internet Ordering For Licensees
- E-Quote System for Vendors
- Download Oracle [jinit.exe](#) Ver. 1.3.1.26
- Printable GTIN (UPC) Code Information

Online Services Continued

Online Liquor Ordering

To access the Online Liquor Ordering System you need a password—request one while you are in the lobby, call 1-800-701-0513 or email mlccpasswordrequests@michigan.gov. Include your license number, business name and address.

Online Liquor Ordering Features:

- Log on from any computer with Internet
- Change your password after you log on
- Place one order with all Authorized Distribution Agents (ADA)
- Check code change updates
- ADA System checks inventory before order is confirmed
- Instant email confirmations
- Change order up to 48 business hours before delivery

For more questions or information call 1-800-701-0513.

Renew Online

To access the Online Liquor License Renewal System, you need a Personal Identification Number (PIN) issued by the MLCC. To obtain a PIN, you must complete an [Internet Renewal Authorization Form](#) and forward it to the MLCC.

Renew your Michigan Liquor Control Commission Liquor License online:

- Log on from any computer with Internet
- Renew all licenses held by a licensee on a single web page
- Place a license(s) in escrow or permanently cancel a license
- Easy payment through electronic checking with all transactions protected by advanced security systems.

For more information please call 1-866-813-0011 during business hours.

Electronic Fund Transfer

Electronic Fund Transfer (EFT)

- Experience a hassle-free method of payment for liquor delivery. Funds will be electronically withdrawn from your account.
- Place your order as you normally would through the appropriate ADA automated ordering system.
- Your liquor is packed for loading on the delivery truck by your ADA. Your invoice identifies your business as an EFT account.
- Your ADA will deliver your order to you each week you order liquor.
- Direct Payment..... Provides bill-paying convenience by authorizing the State of Michigan to debit the money you owe for liquor directly from your account.

For more information on the MLCC EFT program call 517-322-1382 or find the Electronic Fund Transfer (EFT) form under the forms section on our website.

Industry Trade Groups

Industry trade associations that may be helpful in answering questions, offering employee benefits and other important information. See below for a listing of trade groups that work directly with the MLCC.

*If your trade group would like to be added to this list email mlccinfo2@michigan.gov.

Associated Food and Petroleum Dealers of Michigan: www.afdom.org

The Beer Institute: www.beerinstitute.org

Bowling Centers Association of Michigan: www.michiganbowl.com

The Century Council: www.centurycouncil.org

Distilled Spirits Council of the United States (DISCUS): www.discus.org

M.A.D.D.-Michigan: www.madd.org/mi

Michigan Beer & Wine Wholesalers Association: www.mbwwa.org

Michigan Distributors and Vendors: www.mdva.org

Michigan Food & Beverage Association: www.michfood.org/mfba

Michigan Grocers Association: www.michingangrocers.com

Michigan Interfaith Council on Alcohol Problems: <http://medicolegal.tripod.com/micap.htm>

Michigan Licensed Beverage Association: www.mlba.org

Michigan Liquor Vendors (see "Michigan Spirits Association") - below

Michigan Petroleum Association/Michigan Association of Convenience Stores (MPA/MACA):
www.mpamacs.org

Michigan Retailers Association: www.retailers.com

Michigan Restaurant Association: www.michiganrestaurant.org

Michigan Soft Drink Association: www.lansingbusinessmonthly.com/article_read.asp?articleID=3856

Michigan Spirits Association (formerly, Michigan Liquor Vendors): no website available - Contact person: Joe David, j david@mccormickdistilling.com

Michigan United Conservation Clubs ("The Bottle Bill"): www.mucc.org

National Alcohol Beverage Control Association: www.nabca.org

Students Against Driving Drunk (SADD-MI): <http://members.tripod.com/saddfilesonline/page2.html>

Wine Institute: <http://wineinstitute.shipcompliant.com/StateDetail.aspx?StateId=54>

MLCC Contact Directory

If you need additional assistance please contact the Commission at any of the phone numbers or addresses listed below.

Lansing – Michigan Liquor Control Commission

7150 Harris Drive, P.O. Box 30005

Lansing, Michigan 48909

EMAIL: MLCCINFO2@michigan.gov

- General Information (517) 322-1345
 - Toll Free 866-813-0011
- Enforcement (517) 322-1370 FAX (517) 322-1040
 - Toll Free 866-893-2121
- Financial Management (517) 322-1382 FAX (517) 322-1016
 - ADA Toll Free 800-701-0513
- Licensing (517) 322-1400 FAX (517) 322-6137
 - Toll Free 866-813-0011
- Commission Office (517) 322-1355 FAX (517) 322-5188

Farmington – Commission Offices (248) 888-8840 FAX (248) 888-8844

Enforcement District Offices

- **Farmington** (248) 888-8710 FAX (248) 888-8707
24155 Drake Road
Farmington, MI 48335
- **Escanaba** (906) 786-5553 FAX (906) 786-3403
State Office Building
305 S. Ludington, 2nd floor
Escanaba, MI 49829
- **Grand Rapids** (616) 447-2647 FAX (616) 447-2644
2942 Fuller, NE
Grand Rapids, MI 49505

Printed: 9/09; Quantity: 2,500; Cost: \$4,253.98; Unit Cost: \$1.70



State of Michigan

Department of Energy, Labor and Economic Growth

MICHIGAN LIQUOR CONTROL COMMISSION

Jennifer M. Granholm, Governor

Stanley "Skip" Pruss, Director

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Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

Michigan Liquor Control Commission

7150 Harris Drive • P.O. Box 30005 • Lansing, Michigan 48909-7505

www.michigan.gov/lcc • (517) 322-1345 Lansing Office

